GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:2996
ANSWERED ON:20.03.2008
DEMAND AND SUPPLY OF STEEL
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Owaisi Shri Asaduddin;Patle Shri Shishupal Natthu;Pingle Shri Devidas Anandrao;Yadav Shri Anirudh Prasad (Sadhu);Yaskhi Shri Madhu Goud

Will the Minister of STEEL be pleased to state:

(a) the requirement of steel in the country during the Eleventh Plan Period;

(b) the demand and supply of steel in the country during each of the last three years and the current year;

(c) whether the demand for the steel was growing at a phenomenal rate and will soon begin growing at the rate of 14% while the supply side is growing at the rate less than 6%;

(d) if so, the details thereof and the steps taken by the Government to bridge the demand-supply gap ;

(e) whether the Government is planning to import the steel in order to meet its demand and control the prices;

(f) if so, the details thereof;

(g) whether the Government has convened any meeting of major steel producers recently to sort out issue impending their mega investment plans in the country and in regard to steel prices; and

(h) if so, the outcome of the meeting?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a) As per the estimates of the Working Group on Steel, the demand for finished carbon steel in the final year of Eleventh Plan period is estimated at 70.3 million tonnes. However, taking into account the current rate of growth of steel consumption at 12/13%, the steel consumption during 2011-12 is expected to be more than 100 million tonnes.

(b) The data on demand and supply of finished carbon steel in the country during each of the last three years and the current year are as under:-

(Million Tonnes)

	2004-05	2005-06	2006-07	Apr07-Jan08 (Prov.)
Finished Steel Production	41.32	44.39	50.20	42.48
Apparent consumption	34.39	39.19	44.33	39.38

(c) The annual rates of growth in production and demand for finished carbon steel in last 4 years and the current year are given below:

(% growth)

	2003-04	2004-05	2005-06	2006-07	Apr07-Jan08
Production	9.0	7.0	7.4	13.1	5.1
Apparent Consumption	7.9	10.3	13.9	13.1	12.6

The Compounded Annual Growth Rate (CAGR) in demand for steel during the last four years (2003-07) has been growing at a phenomenal rate of 11.3% while the CAGR in production has been 9.1% during the same period. The demand for finished steel in the

current year also has grown at a high rate of 12.6% while the production of finished carbon steel has grown by 5.1% during the same period.

(d) In order to promote the domestic steel industry, government have constituted an Inter-Ministerial Group, under the chairmanship of Secretary(Steel), to monitor and coordinate the issues concerning major steel investments in the country related to infrastructure, raw material supply, environmental clearance and other resource constraints. It is estimated that by 2011-12, the crude steel capacity in the country will reach a level of 124 million tonnes, which will be sufficient to meet the projected demand.The public sector units, Steel Authority of India Ltd. and Rashtriya Ispat Nigam Ltd. together, are adding nearly 16 million tonnes of crude steel capacity in the 11th plan to bridge the demand-supply gap. In addition, the import duty on steel has been progressively brought down to 5% to meet the domestic demand and encourage competition.

(e)&(f): The Government is not directly involved in the import of steel. Import is undertaken directly by the consumers or traders. However, to facilitate easy import of steel, the import duty on steel has been progressively brought down to 5%. Also, there are no quantitative restrictions on import of steel.

(g)&(h): Ministry of Steel had convened a meeting with existing major steel producers on 14.2.2008 under the chairmanship of the Hon`ble Steel Minister to discuss on steel price rise. Based on the concern expressed by the Hon`ble Steel Minister, the steel producers announced a reduction of Rs. 1000 per tonne for TMT and Rs. 500 per tonne for other categories of steel products, on their retail sale prices.

Ministry of Steel had also convened a meeting with major steel investors on 3rd March 2008 under the Chairmanship of Hon`ble Steel Minister to discuss on issues concerning major investments and the ways and means to expedite the steel projects. The Hon`ble Steel Minister reviewed the progress of major steel projects and discussed on possible ways and means to expedite the steel investments.